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RUEHJM/AMCONSUL JERUSALEM PRIORITY 0126  
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CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR  
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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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- [1](#)1. Iran
- [1](#)2. Mideast

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Key stories in the media:  
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Major media (lead story in The Jerusalem Post) reported that PM Ehud Olmert will be replaced as Kadima leader in mid-September, barring unforeseen circumstances, after the Kadima council received the necessary votes yesterday to initiate a party leadership primary.

Channel 2-TV reported that Olmert allegedly called FM Tzipi Livni in private a "backstabbing liar," due to his reported belief that she lied to the Winograd Commission that investigated the Second Lebanon War. Yediot quoted the State Prosecutor's Office as saying that Olmert will soon be indicted. Maariv cited the belief of Kadima members that Olmert will resign before he is indicted. Ha'aretz and other media cited the police's suspicion that Olmert may have paid for dozens of family flights with money he received via the Rishon Tours travel agency.

Ha'aretz reported that the U.S. security coordinator for the Israeli-Palestinian conflict, retired Maj. Gen. James Jones, is preparing a critical report of Israel's policies in the territories and its attitude toward the Palestinian Authority's security services. However, American and Israeli sources were quoted as saying that Jones also had some criticism for Washington saying that U.S. efforts to reform the PA security services fell short and that USG agencies are not coordinating their assistance for these forces.

In addition, he reportedly concluded that the PA forces are not yet capable of effectively enforcing the law in the West Bank. Ha'aretz said that the harsh criticisms contained in the executive summary are reportedly upsetting the Bush administration. According to Ha'aretz, some senior U.S. officials are demanding that the full report not be published, so as not to create a storm in advance of the presidential elections. Jones, however, is apparently insisting that his full report be published, just as the report he issued last year on the Iraqi security forces was. Ha'aretz reported that officials at the U.S. Embassy in Tel Aviv declined to comment. Ha'aretz also quoted Israeli officials as saying that senior officials in the State Department, including Secretary of State

Condoleezza Rice, have repeatedly complained to Israel recently over "relatively minor" Palestinian issues that would have been ignored until a few months ago.

Leading media reported that this week Assistant Secretary of State David Welch will meet with Riad Daoudi, the Syrian Foreign Ministry's legal counselor and lead Syrian negotiator for the ongoing indirect talks with Israel, as well as fellow Syrian advisers and analyst during their visit to Washington. The Jerusalem Post quoted an Israeli diplomatic official as saying that any U.S. interest in establishing contact with Syria was likely linked to the fact that Syrian President Bashar Assad had broken out of his isolation. The official also suggested that contacts with the Syrians could be connected to the U.S. elections.

Leading media reported that yesterday, during the fourth day of his cross-examination, prosecution witness Morris Talansky told Olmert's lawyer, Navot Tel-Tzur, that he could not remember the details of a \$400,000 transfer only a few months after the event. The media reported that it was one of many lapses of memory that Talansky claimed to suffer. Yediot reported that Olmert's defense team hinted that Talansky may have laundered money through a trustee account held by former Olmert associate Attorney Uri Messer. Talansky hinted that Messer may have kept the money to himself. The media reported that yesterday Olmert lodged a complaint with Attorney General Menachem Mazuz after details of the police investigation into his finances were leaked to the press.

Israel Radio quoted Shin Bet head Yuval Diskin as saying that Hamas is taking advantage of the truce to build rockets that could reach Kiryat Gat and probably Ashdod.

Israel Radio reported that the IDF soldier who was filmed shooting a bound and handcuffed Palestinian with a rubber bullet at point blank range two weeks ago was released. The media reported on a controversy surrounding whether his commander had ordered him to shoot.

Maariv reported that yesterday explosions caused by one or two rockets were felt in the vicinity of West Bank Palestinian villages.

It is suspected that rockets were fired by settlers. Yesterday, at about 14:00, there was a report of two rockets that hit fruit trees along the road south of the Hawara roadblock.

In an interview broadcast last night on Channel 2-TV, John McCain pledged that the U.S. will not allow a second Holocaust. Makor Rishon-Hatzofe reported that Israel's leaders will pressure Barack

Obama to promise during his one-day visit to act against Iran.

Major media quoted the London-based Al-Hayat and other Arab sources as saying Egyptian sources as saying that Israel is prepared to free Fatah/Tanzim leader Marwan Barghouti, but not PFLP leader Ahmad Saadat, in exchange for Gilad Shalit. Israel Radio cited Israel's denial of the report.

All media reported that in the first-ever Knesset address by a British prime minister, Gordon Brown condemned Iranian President Mahmoud Ahmadinejad's call for the destruction of Israel as "abhorrent," and vowed that Tehran's bid to acquire nuclear weapons would not be allowed to pass. The media noted Brown's exceptionally Israel-friendly speech

Major media reported that today, for the first time ever, President Shimon Peres will host Palestinian President Mahmoud Abbas and Palestinian negotiator Saeb Erekat in his official residence. Maariv reported that they will discuss the advancement of the Israeli-Palestinian peace process, the geopolitical conditions in the region, and the implementation of joint economic initiatives to strengthen the peace process.

Leading media reported that yesterday in the Knesset the government coalition was defeated in three Shas-backed no-confidence votes. However, they were not supported by majorities of 61 Knesset members and therefore did not qualify to topple the government. Ha'aretz reported that the Knesset will vote tomorrow on a bill that will allow the Knesset plenum to require the suspension of the Prime Minister for reasons of illness or police investigations. Ha'aretz nonetheless reported that there is no chance that the bill will be passed into law before the Knesset recesses next Wednesday for its summer vacation.

Yediot quoted the German weekly Der Spiegel as saying that Hizbullah is activating sleeping cells against Israeli targets in North and South America.

Makor Rishon-Hatzofe reported that following an appeal by 170 Jordanian public figures, Jordan's King Abdullah II is considering pardoning the terrorist who killed seven schoolgirls at Naharayim along the border with Israel in May 1996.

Maariv reported that a symposium on the history of Lebanese Jewry took place in Beirut yesterday. Muslim scholars also attended the meeting.

The Jerusalem Post reported that yesterday in Jerusalem, Bank of Israel Governor Stanley Fischer told a group of British business executives led by Trade Minister Digby Jones that a slowdown in the rate of manufacturing growth in the March-May period is the first indication that economic expansion is beginning to ease.

Ha'aretz and Yediot reported that the State Prosecutor is leaning toward indicting former president Moshe Katsav on two counts of rape, according to sources in the prosecution.

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1. Iran:  
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Summary:  
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Diplomatic correspondent Aluf Benn wrote in the independent, left-leaning Ha'aretz: "The American public currently has no taste for another war, and the army is opposed to opening a 'third front' in Iran, after Afghanistan and Iraq.... Jerusalem must now also change its approach."

Block Quotes:  
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"An American Slap in Israel's Face"

Diplomatic correspondent Aluf Benn wrote in the independent,

left-leaning Ha'aretz (7/22): "Israel was caught unprepared as the United States' Iran policy shifted. The Bush administration did not consult Israel before it decided to bring a senior American diplomat to the talks that the Europeans conduct with the Iranians, and did not let Israel share its initiative to open an interests section in Tehran.... Israel's leadership still hopes that not all is lost, that this is a tactical move -- a diplomatic bait doomed in advance to an early failure in order to pave the road to an offensive. But this is an illusion. The American public currently has no taste for another war, and the army is opposed to opening a 'third front' in Iran, after Afghanistan and Iraq.... Jerusalem must now also change its approach. Instead of delving in false hopes about bombing Iran, it would be worthwhile to see the positive sides of the American dialogue with Iran and to insist on maintaining Israel's interests -- first and foremost, preventing any linkage between the disarming of Iran's nuclear capability and the closing of the Dimona reactor as well as the harming of Israeli deterrence. Furthermore, one should demand the absolute termination of the centrifuges, and in case Iran manages to duck out of it, security compensation from the U.S. and advanced anti-missile technologies. Contrary to fighter pilots, diplomats do not get medals of valor, but they must be granted a chance to prevent Iran from going nuclear, as was done with Libya and North Korea."

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II.2. Mideast:  
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Summary:  
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Chief Economic Editor Sever Plotker opined in the mass-circulation, pluralist Yediot Aharonot: "Israel must play the mind games against Hamas with completely open cards and capitalize on its advantage as an open democracy. Only by doing so will we regain the initiative and Hamas will have to respond."

Block Quotes:  
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II.1. "Negotiations by Daylight"

Chief Economic Editor Sever Plotker opined in the mass-circulation, pluralist Yediot Aharonot (7/22): "In the negotiations to release Gilad Shalit, ideas and proposals from the Egyptian government, from former U.S. President Jimmy Carter, from the European Union, and from Hamas, are given prominent coverage. But what does Israel propose?.... Official Israel has imprisoned and handcuffed itself in the mistaken concept of conducting secret negotiations whose details do not reach the public until everything is sewn up, and sometimes even not then.... Let's even assume that the negotiations with Hizbullah required a degree of secrecy; this is not the case for Gilad Shalit. Israel must play the mind games against Hamas with completely open cards and capitalize on its advantage as an open democracy. Only by doing so will we regain the initiative and Hamas will have to respond. Practically, Israel must make it clear to all parties involved in the negotiations for Gilad Shalit's release that all concrete proposals for a 'deal' be reported and placed before Israeli, Palestinian and world public opinion. Nothing must be done any longer in secrecy, far from the eyes of the media. At the end of every round of talks, the person conducting negotiations on the Israeli side should hold an international press conference and divulge the smallest details of the talks and the proposals. Keeping the negotiations on Shalit transparent will serve Israel and put it in a position of strength -- because in this case, transparency is power. We have nothing to hide here. Hamas does.... The talks in the dark have failed. From now on, only the light of the sun will return Shalit home."

II. "Good for Israel"

Peres Center President and Oslo Accords architect Uri Savir wrote in Yediot Aharonot (7/22): "Democratic Party presidential candidate Barack Obama is to arrive in Israel this evening.... It took George Bush and the U.S. administration seven years to be involved in the peace process with the Palestinians, and to this day, they are not involved in the peace process with Syria.... Israel needs an

American president who will follow the peace process closely, and this includes setting timetables for progress on a final status arrangement, holding summits and appointing a permanent envoy to the Middle East, as Dennis Ross was. Israel needs active American involvement on the Syrian track. Today there is a real chance of starting to crumble the unholy alliance between Syria, terror, and Iran, and reaching an Israeli-Syrian peace agreement that would be a basis for regional peace. Despite our neutrality as Israelis toward the U.S. elections, there is no question that our interest is in the Middle East external policy of the next administration. Based on the Republican record of recent years, on the one hand, and on Obama's world view on foreign policy, security, and the Middle East on the other hand, it seems that our interests, mainly in the context of the peace process, will be served very well by the Democratic candidate. Moreover, Obama's election to president will be a positive turning point in the United States' world image, including in our region. We must therefore relate seriously to his upcoming visit to Israel."

MORENO